# REPORT TO THE LEGISLATURE PERSONALIZED PROVIDER DIRECTORY TWO-YEAR PILOT PROJECT SACRAMENTO & LOS ANGELES COUNTIES





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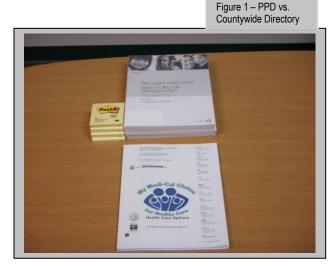
## **Executive Summary**

Pursuant to Welfare and Institutions (W&I) Code Sections 14087.305 and 14089, the Department of Health Care Services (DHCS) submits this report on the outcomes achieved to date with the Medi-Cal Managed Care Personalized Provider Directory (PPD) two-year pilot project. On February 27, 2009, DHCS implemented the PPD pilot project in two counties: Sacramento and Los Angeles.

Prior to the implementation of the PPD pilot project, Medi-Cal managed care provider directories were produced by either the medical and dental plans or by DHCS through its managed care Enrollment Broker Contractor (Contractor) using data supplied by the plans. The plans were responsible for updating the provider data contained in the directories. Each informing packet mailed to beneficiaries contained directories that listed the full provider network for each health and dental plan available in the beneficiary's county of residence.

The directories accounted for the majority of the overall weight in the informing packets, resulting in high postage costs. The weight differential was the greatest in Los Angeles County, which had two or more large, heavy directories – roughly the size and thickness of a telephone book. The thickness of the directories also created challenges particularly in counties such as Los Angeles, for beneficiaries that reside in apartments with mail boxes too small for the packets. In addition, some directories contained provider information that was six months old or older.

The PPD pilot allowed the Contractor to distribute PPDs to Medi-Cal beneficiaries based on their area of residence, school, work, or other specified address. Implementing this new concept would result in a cost savings for the State and test a streamlined communication mechanism to provide Medi-Cal beneficiaries with medical and dental plan provider network information. All PPDs would be in the same format and would weigh significantly less than the full directories mailed to beneficiaries. Figure 1 illustrates the dramatic size



decrease in the provider directory with the use of the PPD concept. The informing packet at the top of the picture is the previous format used in Los Angeles County for medical and dental directories and consisted of a packet thickness of approximately 2½ inches and an approximate weight of 4 pounds (lbs) 1.4 ounces (oz). By contrast, the PPD informing packet depicted in the lower portion of Figure 1 consists of a thickness of 3/8 inches and a weight of 10 oz for both medical and dental plans.

The goals of the two-year PPD pilot project are to provide Medi-Cal beneficiaries with a more informed choice process while decreasing the default rate and providing an overall

cost benefit to the State. Within this report, DHCS will demonstrate its success in meeting these goals by way of the following project outcomes:

- The PPD pilot project has resulted in significant cost savings to the State;
- ❖ The PPD pilot project has not increased the medical default enrollment rates. A slight increase in the dental default rate occurred in Sacramento County, which is believed to be attributed to beneficiary reaction to the elimination of optional adult dental benefits and not the PPD.
- The PPD pilot project has shown no beneficiary rejection of the PPD format, based upon the minimal number of requests received from beneficiaries for full countywide directories; and,
- The PPD format meets the goals and requirements of DHCS to provide Medi-Cal beneficiaries with the necessary information to help them make informed selections of their medical and dental plan and providers.

DHCS, in cooperation with its Contractor, continues to seek innovative solutions in meeting its goals of providing Medi-Cal beneficiaries with quality informing materials and customer services while also reducing costs. The PPD pilot project is an example of such innovation with proven benefits to beneficiaries in streamlining the informing materials process while providing significant cost benefits to the State. Considering the positive benefits and success of the PPD pilot project, DHCS recommends statewide implementation.

## **Problem/Issue Statement**

Prior to implementation of the PPD pilot project, Medi-Cal managed care provider directories were produced either by the medical and dental plans or by DHCS through its Contractor, using data supplied by the plans. The plans were responsible for updating the provider data contained in the directories. Each informing packet mailed to Medi-Cal beneficiaries contained directories that listed the full provider network for each medical and dental plan available in the beneficiary's county of residence. The directories accounted for the majority of the overall weight of the packets, resulting in high postage costs. Some directories contained provider information that was six months old or older.

....For the first twelve months of implementation, (March 2009 – February 2010), the Personalized Provider Directory resulted in a net savings of \$2,046,046 Total Funds (TF) or \$171,000 TF average monthly savings to the State.

DHCS proposed to simultaneously reduce the cost of the informing packets mailed to eligible beneficiaries and to improve the quality of the provider data contained in the informing packets. DHCS would replace the current process with one in which DHCS, through its Contractor, would assume responsibility for provider directory production. The Contractor would update provider data on a monthly basis for use in the PPDs. The new PPDs would include every provider in all available plans within

a specified radius of the beneficiary's home, work, or other specified address. All PPDs would be in the same format and would weigh significantly less than the full countywide directories that the Contractor mailed to beneficiaries resulting in significant savings in postage costs. The weight differential would be the greatest in Los Angeles County, which had two or more large, heavy directories – roughly the size and thickness of a telephone book. The thickness of the directories created challenges for beneficiaries that reside in apartments with mail boxes too small for the packets.

## **Background**

DHCS' Contractor administers the California Health Care Options (HCO) program in 14 counties statewide through an Enrollment Broker Contractor (Contractor). The HCO program operates in these fourteen counties through two primary managed care models: the Two-Plan Model and the Geographic Managed Care (GMC) Model. In the Two-Plan Model, one managed care plan is locally developed and referred to as a Local Initiative, and the other is a competitively priced Commercial Plan. Under the GMC Model, DHCS contracts with a varied number of commercial managed care plans to serve a specific geographic region. The HCO program does not operate in counties with a County Organized Health System (COHS) Model.

As part of its contractual obligation, the Contractor enrolls Medi-Cal beneficiaries into, and disenrolls them from, managed care plans in the Two-Plan or GMC county in which the beneficiary resides (refer to Appendix B for a listing of Two-Plan and GMC counties). The Contractor must utilize objective, uniform, flexible and efficient methods for informing Medi-Cal beneficiaries of their choices for receiving medical and/or dental benefits. These methods include providing beneficiaries with direct information about managed care health and dental plans, how to choose a managed care health and/or dental plan, and how to resolve questions or problems concerning Medi-Cal enrollments.

The PPD pilot allowed the distribution of PPDs to Medi-Cal beneficiaries based on their area of residence, school, work, or other specified address. This mode of distribution would result in a cost savings to the State and test a streamlined communication mechanism to provide beneficiaries with up-to-date health and dental plan provider network information.

Additionally, the change to a focused personalized provider directory was intended to alleviate some of the problems identified in the January 15, 2002, *Enrollment Survey Task Force Report*, which was produced by the Field Research Corporation for the DHCS Medi-Cal Managed Care Division. The objective of the survey was to ascertain why some Medi-Cal beneficiaries defaulted and had difficulties in choosing a managed care health or dental plan and to identify actions that might be taken to address the problem. Below are some of the problems identified in the Task Force report and the solutions developed by the PPD pilot project.

Tas	k Force Findings	Solution Developed
1.	Many respondents found the packet to be intimidating. The beneficiaries were overwhelmed by the volume and the complexity of the information	For the PPD pilot, a workgroup of health plan representatives, advocates, DHCS staff, and a team of Contractor systems and design experts worked to create the PPD model. This PPD is now included in the booklet titled "My Medi-Cal Choice for Healthy Care".
2.	Complicated and/or confusing instructions	The PPD includes detailed, easy to follow instructions, including the selection of a health plan, plan partner, medical group, doctor, clinic, and hospital. The pilot developed clear and detailed instructions for filling out the Choice Form in the front of the "My Medi-Cal Choice for Healthy Care" booklet.
3.	Unable to get help	Every PPD and countywide directory instruction page lists the Health Care Options toll-free number.
4.	Limited literacy	The PPD's cover, instructions, page header and footer, Primary Care Provider category heading, postcard, and promotional pages will be produced in the same language of the beneficiary on record in the eligibility system. The pilot designed these documents specifically to be culturally and linguistically appropriate and meet the DHCS approved reading level. The countywide directory will only be available in English.

While DHCS expected implementation of the PPD to provide benefits to the State and Medi-Cal beneficiaries, legal review of the proposal revealed a potential conflict with W&I Code Sections 14087.305 and 14089. The conflict arose over the interpretation of these sections, which in part require managed care beneficiaries to receive provider directories listing all providers in each available medical and dental plan's provider network. Because of the potential for legal challenge based upon the interpretation of these sections and the concern of non-compliance with the requirements, DHCS sought revisions to W&I Code Sections 14087.305 and 14089 through the 2007 health budget trailer bill (AB 203).

The passage of AB 203 (Committee on Budget, Chapter 188, Statutes of 2007) enacted the necessary amendments to W&I Code Sections 14087.305 and 14089 to allow the development and implementation of the PPD. The revised language modified the requirements for delivery of provider information into a PPD based on the geographic area in which the beneficiary or applicant resides and directed implementation of the PPD project as a pilot in two counties: Sacramento (GMC) and Los Angeles (Two-Plan).

Prior to the implementation of the PPD pilot, DHCS, in consultation with consumer stakeholders, legislative staff, Contractor staff, and health and dental plans, determined the parameters, methodology and evaluation processes for the project. A workgroup consisting of statewide advocates and health and dental plan representatives from the two pilot counties met from January through June of 2008, and provided input into the design of a series of prototypes. By July 1, 2008, the workgroup selected the final PPD design and began the seven-month Design, Development and Implementation phase with the launch of the PPD pilot in Sacramento and Los Angeles counties on February 27, 2009.

## **Objectives**

- ✓ A more informed choice process for beneficiaries.
- ✓ Overall cost-benefit to the State.
- ✓ Lower the default assignment rate for PPD recipients vs. regular directory recipients.

## **Description of Study Design and Methodology**

DHCS, in collaboration with its Contractor, designed and developed a detailed financial statement and monthly informing materials reports, which track the daily and monthly PPDs and countywide directories mailed to beneficiaries. The statement and reports are used to track all expenses, savings, and mailing volumes of printing and postage costs in the two counties and also to monitor the monthly progress of the project.

DHCS and the Contractor monitored the project to ensure achievement of optimal performance in meeting objectives by use of the state-of-the art technology supporting this project. This modern technology allows the medical and dental plans to update their provider networks in virtually a real-time environment, which results in the information printed in the PPDs and mailed to beneficiaries to be the most current provider information available.

Key areas monitored in the two pilot counties include:

- The impact on the default assignments in both counties.
- ❖ The overall Return on Investment to the State with the change from the regular provider directory to the PPD.
- ❖ The daily and monthly statistics on the quantity of PPDs mailed and the number of countywide directories requested by beneficiaries once they receive the PPD.

Figure 2A - Mandatory

## Findings/Conclusions

# 1. Default Assignments and More Informed Choice Process for Beneficiaries

The goal of AB 203 relative to Default Assignments. . . . an evaluation of the personalized provider directory pilot project and its impact on the Medi-Cal managed care program, including whether the pilot project resulted in a reduction of default assignments and a more informed choice process for beneficiaries . . . .

The default rate for the HCO Program is the percentage of beneficiaries that do not make a proactive health care choice, whereupon the Contractor assigns or defaults them into a managed care plan.

With development of the pilot, DHCS and the stakeholder group made an assumption that beneficiaries who received a PPD would proactively choose a health or dental plan because of the

simplified choice process. Therefore, the number of beneficiaries making a proactive health or dental plan choice would increase, with a resulting decrease in the default rate.

The findings for default and choice rates in Figure 2A demonstrate the challenge in trying to increase the percentage of beneficiaries who actually choose a health and/or dental plan. Even though the informing materials in the pilot counties are now much easier to use, it is clear that those beneficiaries who want to make a health and/or dental plan choice do so – while a significant number of beneficiaries do not choose and receive a default assignment into a plan.

Findings: The analysis of the impact of the PPD project in Los Angeles and Sacramento counties found no increases in the default rate within either county for enrollment in medical plans. Instead, there has been a slight downward trend in the default rate in both counties. The default rate has been roughly 21.80 percent for Los Angeles County and 15.01 percent for Sacramento County. Figure 2A shows pre and post PPD implementation default rates for the two pilot counties.

	Delauli/Cl	loice Rales
MANDATORY POPULATION AND DEFAULT RATES		
Time Period	Los Angeles	Sacramento
Medical Plans		
Oct. 2008 – Feb. 2009 – Before Pilot	21.85%	15.66%
Mar. 2009 – Feb 2010 – After Pilot Launch	21.80%	15.01%
Dental Plans		
Oct. 2008 – Feb. 2009 – Before Pilot	N/A *	15.90%
Mar. 2009 – Feb 2010 – After Pilot Launch	N/A *	16.30%
* Not applicable as dental in Los Angeles County is voluntary		

The default rate for dental enrollment in Sacramento County is 16.30 percent, which is a small increase in the default rate post implementation of the PPD. Shortly after PPD implementation, optional adult dental benefits for Medi-Cal beneficiaries were

eliminated almost entirely for the vast majority of adults. DHCS believes this is the most likely explanation for the slight increase in the default rate for dental in Sacramento County during that period. Because of the significant reduction in dental benefits, beneficiaries may have felt less compelled to make a dental plan choice and received a default assignment into a dental plan.

There is no associated default rate for Los Angeles County because enrollment into dental managed care is voluntary for beneficiaries.

The analysis was based on tracking and trending the default assignments within 50 days after sending the Intent to Assign packets<sup>1</sup> over the period of five months prior (October 2008) to the launch of the PPD pilot (February 27, 2009) through one year after the launch (February 2010).

It is DHCS' view that anything short of an increase in the default rate should be viewed as a success. In other words, the changes in the presentation of the materials within the PPD in Los Angeles and Sacramento counties has not caused beneficiaries to react negatively to the new informing materials for medical plans. If such a negative impact had occurred, it would be assumed that more beneficiaries would fail to make a health plan choice, which would result in a higher number of default assignments and a resulting swing upward in the default rate. As previously mentioned, DHCS believes the slight increase in the default rate for dental in Sacramento County is attributed to beneficiary reaction to the elimination of optional adult dental benefits and not the PPD.

The best example of this improved presentation can be seen in the before and after view of implementing the PPD project in Los Angeles County. Prior to the PPD, directories in this county were the size of a telephone directory in weight, with the volume of information proving difficult for the beneficiary to manage and decipher. In contrast, the reduced size of informing materials with the PPD did not result in any reported confusion or concern due to lack of needed information on the part of the beneficiary in assisting them in making their choices. Confusion and frustration can often lead to inaction in making a choice thus requiring the beneficiary to be assigned to a plan – a default assignment. This did not occur, judging from the slight decrease in the default rate for medical plans. The success of the PPD is further demonstrated by the fewer than expected countywide directories requested by beneficiaries receiving the materials presented in the customized and focused PPD.

<sup>&</sup>lt;sup>1</sup> Intent to Assign ("IA Packet") is the first packet mailed to all mandatory beneficiaries – Sacramento County includes the dental packet.

Figure 2B - Voluntary

Choice Rates

DHCS did find an interesting set of statistics for the

voluntary population and the PPD as shown in Figure 2B. The review of the voluntary population focused on whether those with voluntary enrollment would be more inclined to make a choice to enroll into managed care with the use of the PPD. Using the same time periods as the mandatory population, voluntary beneficiary choices were tracked with a slight increase shown in choice rate in the large Los Angeles County market.

Choice Pates		
VOLUNTARY POPULATION & CHOICE RATE		
Time Period	Los Angeles	Sacramento
Medical Plans		
Oct. 2008 – Feb. 2009 – Before Pilot	3.77%	6.89%
Mar. 2009 – Feb 2010 – After Pilot Launch	4.37%	6.60%
Dental Plans		
Oct. 2008 – Feb. 2009 – Before Pilot	10.29%	11.04%
Mar. 2009 – Feb 2010 – After Pilot Launch	10.34%	10.98%

#### 2. Overall Cost Benefits to the State

With the current financial strain on the State budget, DHCS is pursuing ways to reduce expenditures. Although not an easy challenge, the PPD project has achieved significant cost savings to the State while providing Medi-Cal beneficiaries with customized up-to-date information on their provider networks that assists them in making their medical and dental plan and provider choices.

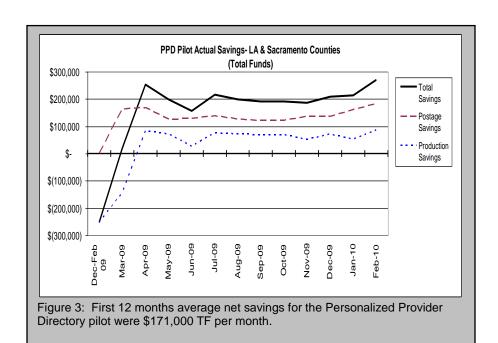
To illustrate this point, the following graphs depict actual and projected cost savings to the State from the PPD:

- > Figure 3 shows the actual cost savings achieved for the first twelve months of the project;
- > Figure 4 represents projected cost savings for the second twelve months of the project; and
- Figure 5 represents projected cost savings with statewide implementation of the PPD project in all Two-Plan and GMC counties (non-COHS).

The first mailings occurred on February 27, 2009 with the first full month of mailings occurring in March 2009. As shown in Figure 3, during the first twelve months of implementation, (March 2009 – February 2010), the PPD resulted in a net savings of \$2,046,046 Total Funds (TF), which represents a \$171,000 TF average monthly savings to the State (including all startup costs totaling \$262,000 TF which occurred between December 2008 – February 2009).

To calculate savings, the Contractor tracked and compared total pages within a packet along with weight and postage pre and post PPD implementation. The Contractor calculated production costs on a cost-per-page basis, and calculated postage costs using actual postage rates determined by weight, classification and delivery zone/sorting. The Contractor then priced actual monthly mailing volume of PPD packets using the pre and post PPD costs to determine savings. The difference in pages in the packets resulted in a savings due to the reduced page counts in PPD packets. The difference in weight of the lighter PPD packets then allowed for savings calculations of postage compared to the prior heavier packets. The smaller PPD packets also required smaller envelopes allowing for savings in envelopes and processing.

The savings shown in Figures 3, 4 and 5 are a result of reducing the size of the informing materials produced and mailed to Medi-Cal beneficiaries. For example, the informing packet for Los Angeles County decreased from 4.1 lbs to 10 oz. The postage savings shown in Figure 3 is the reduction in the cost to mail a 4.1 lbs packet vs. a 10 oz packet. The production savings is the difference in the cost of the paper and ink to print the smaller packets, less the increase in administrative costs (e.g., Contractor bid costs and cost reimbursement items except postage) for the HCO Program.



The total savings line in Figure 3 represents the combined postage and production cost savings. The December 2008 – February 2009 period in Figure 3 shows the cost of startup.

For the second 12 months of the PPD project, DHCS estimates an annual savings of \$2,000,000 TF (\$167,000 TF per month) as shown in Figure 4. DHCS can increase these savings by expanding the PPDs statewide to the additional twelve eligible Two-Plan and GMC counties (non-COHS).

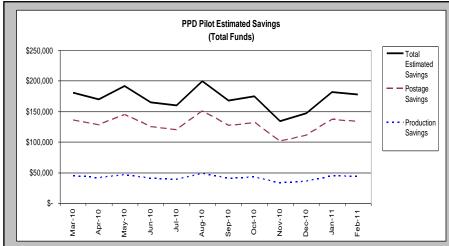
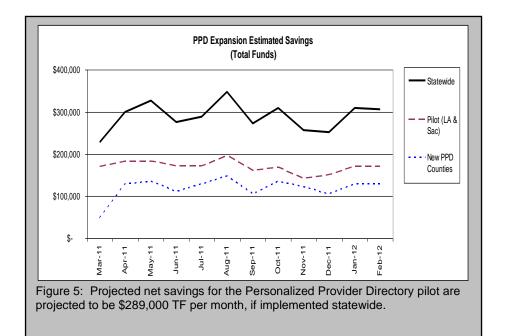


Figure 4: Second 12 months average net savings for the Personalized Provider Directory pilot are projected to be \$167,000 TF per month. Note: There were no additional start-up costs.

Figure 5 shows the projected savings that DHCS could achieve by expanding the PPD project statewide into the additional twelve eligible Two-Plan and GMC counties (non-COHS). DHCS expects that expanding the program would result in an average annual savings of \$3,471,381 TF, which would equate to a monthly savings of \$289,282 TF during the first year of implementing the PPD statewide.





#### Additional Benefits

## Significant Paper Reduction – "Helping the Environment"

As previously mentioned in this report, the PPD project has achieved significant cost savings to the State while providing Medi-Cal beneficiaries with customized up-to-date information on their provider networks that will assist them in making their medical and dental plan and provider choices in Los Angeles and Sacramento counties. A major contributing factor in these savings is the reduced volume of paper with the PPD project and the associated savings in printing and postage costs.

The Contractor conducted an analysis on the reduction in paper usage based on the volume of packet mailings for a six-month period (January 1, 2010 – June 30, 2010) for Sacramento and Los Angeles counties. The analysis used the total number of packets mailed of 36,457 and 231,240 for Sacramento and Los Angeles counties, respectively, and found:

- A seventy-one percent (71%) reduction in paper usage with the use of the new PPD directory in Sacramento County.<sup>2, 3</sup> From 4,392,322 sheets to 1,257,427 sheets.
- A ninety-one percent (91%) reduction in paper usage with the use of the new PPD directory in Los Angeles County.<sup>4</sup> From 197,252,568 sheets to 16,817,026 sheets.
- The average provider directory sheet count per packet in Sacramento County was reduced from 120.5 sheets to 27.3 sheets.
- The average provider directory sheet count per packet in Los Angeles County was reduced from 853 sheets to 21.5 sheets.
- The average monthly reduction in total paper use (sheets) was 30,595,073.

#### **Real-Time Directory Updates**

The PPD project uses modern technology that supports the changing dynamics of the health and dental plan landscape of the Medi-Cal Managed Care program. This technology allows the medical and dental plans to update their provider networks in virtually a real-time environment, which results in the PPD information mailed to beneficiaries being the most current provider information available.

#### **Decrease Inventory/Storage Space Needs**

The analysis on the reduction in paper usage showed a decrease in the on-hand directory inventory volumes needed and the associated storage space required to house the directories for the two pilot counties.

## Recommendations

DHCS recommends the permanent implementation of the PPD format in Sacramento and Los Angeles counties as well as statewide implementation in the remaining twelve Two-Plan and GMC counties. The permanent statewide implementation of the PPD project in all eligible managed care counties (non-COHS) would ensure the continuation of the benefits and successes realized from the pilot project by providing Medi-Cal beneficiaries with a quality streamlined informing materials process while providing significant ongoing cost benefits to the State.

<sup>&</sup>lt;sup>2</sup> Actual total for old provider directories for Sacramento County is higher than reflected. The total does not include sheet counts for the Health Net medical and dental provider directories. Sheet counts for those directories are unavailable as they were plan produced.

Recycled provider directories were included to calculate the PPD paper use reduction. Recycled is defined as the old directories that are returned to the HCO program as a result of returned mail or were unused.

Recycled provider directories were included in calculations.

The benefits and accomplishments of the PPD pilot project supporting the recommendation of permanent statewide implementation are:

- ❖ The PPD project demonstrated significant savings to the State in the pilot project to date with significant savings projected by implementing PPDs on a permanent statewide basis in all eligible managed care counties. For the first twelve months since its launch (March 2009 February 2010), the PPD resulted in a net savings of \$2,046,046 TF, which represents a \$171,000 TF average monthly savings to the State.
- ❖ The PPD project showed no increase in the default rates for medical plans in Los Angeles and Sacramento counties. Instead, there has been a slight downward trend in the default rate for both counties. There was a slight increase in the default rate for dental enrollment in Sacramento County. As previously stated this is viewed as a result of the elimination of optional dental benefits for the vast majority of adults.
- The PPD project provided Medi-Cal beneficiaries with customized up-to-date information on their provider networks and helped them choose their medical and dental plan and providers.
- ❖ The PPD project showed fewer requests by beneficiaries for the larger countywide directories after receiving the PPD informing packet than initially projected. DHCS estimated that approximately ten percent of beneficiaries would request a countywide directory, but actual figures show the approximate volume of requests to be roughly one percent. This lower volume of requests provides strong evidence that beneficiaries are satisfied with the PPD information provided and do not find it necessary to request countywide directories (even though regular directories are stated to be available when the PPD informing packets are mailed).
- The PPD project resulted in a decrease in inventory and associated storage space required to house the countywide directories.
- ❖ The PPD project provided the technology to allow Medi-Cal managed care health and dental plans the ability to update their provider network information in a realtime environment resulting in the PPD information mailed to beneficiaries to be the most current provider information available.

## Implementation Plan/Strategy - Statewide

As part of the Design, Development, and Implementation (DD&I) phase of the PPD pilot project, the Contractor built a system infrastructure to accommodate the potential statewide implementation of this project. All project components are currently in place to transition the PPD project from a pilot project to a permanent statewide program with no additional DD&I costs to the State. Present systems enhancements and resources are available to extend the PPD project from the current Sacramento and Los Angeles pilot counties to all remaining twelve Two-Plan and GMC counties (see Appendices page 2).

At a very high level, the following are the assumptions, overview of required tasks, and timeline for permanent, statewide implementation of the PPD project in the remaining Two-Plan and GMC counties (non-COHS). With legislative approval to permanently implement the project statewide, DHCS and the Contractor would develop a detailed project plan and timeline.

## **Assumptions**

- ♣ DHCS, in consultation with consumer stakeholders, affected health plan representatives, and the Contractor, will convene within 60 days to lay out initial planning of implementation of the PPD as a permanent program statewide. DHCS would update stakeholders throughout the course of implementation.
- ♣ DHCS would use business rules for the current PPD pilot for statewide PPD implementation.
- ➡ DHCS will continue to use Provider Information Network data files currently transmitted to the HCO Program by health plans in counties other than Los Angeles and Sacramento for the PPD project upon statewide implementation.

#### **High-Level Overview of Tasks to be Completed**

- Development of county-specific PPD and countywide instruction pages and translation into all threshold languages.
- Health plan advertisement submission and translation for each health plan in each county. Health plans have the option to submit threshold language translations of their advertisement.
- County-specific countywide directory development.
- Updates to the PPD database.
- Extensive system testing of PPD construction and business rules adherence for each county.

## **High-Level Timeline**

- Six months of a Design and Development phase. All project components are currently in place to transition the PPD pilot project to a statewide program with no additional DD&I costs to the State.
- ♣ Three to six months of implementation assuming a phased approach in expanding the PPD program statewide.

## **Program/Fiscal Impact**

The PPD project has not only resulted in a more streamlined informing materials process for the beneficiaries, but has also provided a cost savings to the State of \$2 million dollars TF per year in the two pilot counties. Statewide implementation would result in projected cost savings of nearly \$3.5 million TF per year. This equates to an approximate 40 percent (40%) cost savings to the State for printing and mailing of PPDs to beneficiaries compared to the non-PPD counties where each beneficiary informing packet includes a separate and complete provider directory for each participating Medi-Cal health plan in that county. If approved for statewide implementation, DHCS could realize savings from the PPD project as early as nine months after project approval.

## **APPENDICES**

## A) Acknowledgements

## **Advisory Group Members**

Andrew Whitelock Molina	Marabell Ferrer LA CARE
Angela Gilliard Attorney at Law- Western Center on Law & Poverty	Mark Paredes Community Health Councils
Anne Cohen Disability Health Access	Payson Hall Catalysis Group
Lisa Lambert Anthem Blue Cross	Rhonda West-Peters Western Health Advantage
Lynn Kersey Maternal and Child Health Access	Sean O'Brien Health Net
Lynn Thompson Safeguard Dental	Terri Abbaszadeh Access Dental

**Department of Health Care Services Representatives** 

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Patty Easley DHCS Health Care Options Branch	Wayne Medley (Retired) DHCS Dental Managed Care
Pauline Curtis DHCS Health Care Options Branch	Mark Otto DHCS Legal Services
JoAnn Ealy DHCS Health Care Options Branch	

## **Participating Health Plans**

<u>County</u>	Medical Plans	<u>Dental Plans</u>
Sacramento Health Net Comm Solutions		Access Dental Plan
	Molina Healthcare Partner	Community Dental Services
	Anthem Blue Cross	Health Net of California
		Liberty Dental Plan of CA
		Western Dental Services, Inc
Los Angeles Health Net Comm Solutions		Access Dental
	LA Care Health Plan	American Health Guard
		Care 1 <sup>st</sup> Health Plan
		Community Dental Services
		Health Net
		Liberty Dental Plan of CA
		SafeGuard Dental
		Western Dental Services, Inc

## B) Current Two-Plan & Geographic Managed Care Counties (both Medical and Dental)

## **Two-Plan Counties**

Mandatory Medical Enrollment		
Alameda	Riverside	
Contra Costa	San Bernardino	
Fresno	San Francisco	
Kings <sup>1)</sup>	San Joaquin	
Kern	Santa Clara	
Los Angeles <sup>2)</sup>	Stanislaus	
Madera <sup>1)</sup>	Tulare	

## **Geographic Managed Care Counties**

Mandatory Enrollment	
Sacramento 3)	San Diego

Sacramento is mandatory for Dental.

Expected launch date February 2011.
 Los Angeles County is voluntary for Dental.

## C) Snap Shot of PPD for Los Angeles County (English)



## Primary Care Physicians

You can pick one of the doctors listed below. If you pick a doctor, enter the 7-digit number "doctor code" in the doctor/clinic code box on your Medi-Cal Choice Form. If you want a specific location or medical group where your doctor works, enter the 3-digit medical group code after the doctor/clinic code on the Medi-Cal Choice Form.

## Family Practice

#### **AGUILUZ, JACQUELINE** DO,MD

#### DOCTOR CODE: P6K7VYW

13330 Bloomfield Ave Ste 111 Norwalk, CA 90650 (562)868-0733 LANGUAGES: Farsi, Korean, Spanish, Tagalog & ACCESSIBILITY: P. B. W. E. T

#### ■ L.A. Care Health Plan **Community Health Plan**

154 - ANGELES IPA, A MEDICAL CORPORATION

#### Blue Cross of CA Partnrshp

- 154 ANGELES IPA, A MEDICAL CORPORATION
- 361 ACCOUNTABLE HEALTH PLAN IPA
- 370 PREMIER PHYSICIAN NETWORK

#### Care1st Partner Plan, LLC 068 - EXCEPTIONAL CARE

MEDICAL GROUP 154 - ANGELES IPA, A MEDICAL

#### CORPORATION L.A. Care Health Plan

154 - ANGELES IPA, A MEDICAL CORPORATION

068 - EXCEPTIONAL CARE MEDICAL GROUP

■ Health Net Comm Solutions Molina Healthcare Partner 388 - ACCOUNTABLE HEALTH PLAN MEDICAL GROUP

#### **BAI, EUNG MD** DOCTOR CODE: 6E4V1ZT

12017 Rosecrans Ave Norwalk, CA 90650 (562)868-2027 LANGUAGES: Korean, Spanish & ACCESSIBILITY: P, B, W, E, T ■ Health Net Comm Solutions

Molina Healthcare Partner 143 - ANGELES IPA **Health Net Comm Solutions** 

143 - ANGELES IPA

#### L.A. Care Health Plan **Blue Cross of CA Partnrshp**

727 - APPLECARE MEDICAL GROUP (DOWNEY)

#### **Community Health Plan**

- 154 ANGELES IPA, A MEDICAL CORPORATION
- Care1st Partner Plan, LLC 727 - APPLECARE MEDICAL
- GROUP (DOWNEY) 154 - ANGELES IPA, A MEDICAL
- CORPORATION 132 - EMPLOYEE HEALTH
- SYSTEMS MEDICAL **GROUP**

#### L.A. Care Health Plan

- 132 EMPLOYEE HEALTH SYSTEMS MEDICAL **GROUP**
- 154 ANGELES IPA, A MEDICAL CORPORATION

#### **CLOER, SHEREE DO** DOCTOR CODE: F1K3R86

11637 The Plz Norwalk, CA 90650 (562)864-7279 LANGUAGES: Spanish &ACCESSIBILITY: P, B, W, E, T

■ L.A. Care Health Plan Care1st Partner Plan, LLC

154 - ANGELES IPA, A MEDICAL CORPORATION

L.A. Care Health Plan 482 - OMNICARE MEDICAL

#### GROUP

Community Health Plan 154 - ANGELES IPA, A MEDICAL CORPORATION

482 - OMNICARE MEDICAL GROUP

#### **COLLANTES, MELCHOR MD** DOCTOR CODE: PW562PC

12100 Imperial Hwy Ste 102 Norwalk, CA 90650 (562)929-4894 LANGUAGES: Spanish, Tagalog & ACCESSIBILITY: B, R

#### ■ L.A. Care Health Plan Community Health Plan

154 - ANGELES IPA, A MEDICAL CORPORATION

## Blue Cross of CA Partnrshp

154 - ANGELES IPA, A MEDICAL CORPORATION

361 - ACCOUNTABLE HEALTH PLAN IPA

#### L.A. Care Health Plan

- 154 ANGELES IPA, A MEDICAL CORPORATION
- 132 EMPLOYEF HEALTH SYSTEMS MEDICAL GROUP
- 361 ACCOUNTABLE HEALTH PLAN IPA

#### Care1st Partner Plan, LLC

361 - ACCOUNTABLE HEALTH PLAN IPA

#### ■ Health Net Comm Solutions Molina Healthcare Partner

132 - EMPLOYEE HEALTH SYSTEMS MEDICAL GROUP

#### **Health Net Comm Solutions**

835 - ACCOUNTABLE HEALTH CARE IPA

#### **ESMAILI, MANOUCHEHR MD** DOCTOR CODE: 6P44Q8S

13132 Studebaker Rd Ste 1 Norwalk, CA 90650 (562)868-5757 LANGUAGES: Farsi, Spanish & ACCESSIBILITY: P. B. W

#### L.A. Care Health Plan Blue Cross of CA Partnrshp

361 - ACCOUNTABLE HEALTH PLAN IPA

#### L.A. Care Health Plan

**361** - ACCOUNTABLE HEALTH PLAN IPA

#### Care1st Partner Plan, LLC

361 - ACCOUNTABLE HEALTH PLAN IPA

#### **■** Health Net Comm Solutions **Health Net Comm Solutions**

835 - ACCOUNTABLE HEALTH CARE IPA

#### Molina Healthcare Partner

388 - ACCOUNTABLE HEALTH PLAN MEDICAL GROUP

#### **HEGGENESS, OLE DO** DOCTOR CODE: S0705J1

10210 Orr and Day Rd Santa Fe Springs, CA 90670 (562)863-8774 LANGUAGES: Spanish

**■** Health Net Comm Solutions **Health Net Comm Solutions** 124 - OMNICARE MEDICAL

GROUP ASSOCINC.

#### ISKAROUS, RAGAA MD DOCTOR CODE: 37XZBI3

11003 Lakewood Blvd Ste 201 Downey, CA 90241 (562)869-1038 LANGUAGES: Arabic, Spanish & ACCESSIBILITY: P, B, W, E, T

#### ■ L.A. Care Health Plan

Care1st Partner Plan, LLC 727 - APPLECARE MEDICAL

GROUP (DOWNEY)

154 - ANGELES IPA, A MEDICAL CORPORATION

**344** - APPLE HEALTHCARE MEDICAL GROUP (SELECT)

125 - APPLE HEALTHCARE MEDICAL GROUP (WHITTIER)

#### L.A. Care Health Plan

- 154 ANGELES IPA, A MEDICAL CORPORATION
- Health Net Comm Solutions **Health Net Comm Solutions**

#### 030 - APPLECARE MED GRP ST. FRANCIS REGION

Molina Healthcare Partner 425 - APPLECARE MED GRP DOWNEY REGION

#### LE, PHILLIP MD DOCTOR CODE: 673DM2J

12360 Firestone Blvd Norwalk, CA 90650 (562)281-0305 LANGUAGES: Spanish, Vietnamese & ACCESSIBILITY: P, B, W, E

#### ■ L.A. Care Health Plan

#### L.A. Care Health Plan

784 - HEALTH CARE LA, IPA (MEDPOINT MGMT)

Care1st Partner Plan, LLC 784 - HEALTH CARE LA, IPA

(MEDPOINT MGMT) ■ Health Net Comm Solutions

**Health Net Comm Solutions** 737 - HEALTH CARE L.A., IPA

#### MANJUNATH, MADHURE MD DOCTOR CODE: 63R5712

11627 Telegraph Rd Ste 140 Santa Fe Springs, CA 90670 (562)949-3888 LANGUAGES: Cambodian, Spanish &ACCESSIBILITY: P, B, W, E, T

## D) Assembly Bill 203

[Chaptered and approved by the Governor on August 24, 2007.]

The following is current language in statute for the PPD pilot project with bolded text highlighting the requirement for the provision of this report to the Legislature.

# SEC. 52. Section 14087.305 of the Welfare and Institutions Code is amended to read:

14087.305. (a) In areas specified by the director for expansion of the Medi-Cal managed care program under Section 14087.3 and where the department is contracting with a prepaid health plan that is contracting with, governed, owned or operated by a county board of supervisors, a county special commission or county health authority authorized by Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.96, a Medi-Cal or California Work Opportunity and Responsibility for Kids (CalWORKs) applicant or beneficiary shall be informed of the health care options available regarding methods of receiving Medi-Cal benefits. The county shall ensure that each beneficiary is informed of these options and informed that a health care options presentation is available. (b) The managed care options information described in subdivision (a) shall include the following elements: (1) Each beneficiary or eligible applicant shall be provided, at a minimum, with the name, address, telephone number, and specialty, if any, of each primary care provider, by specialty, or clinic, participating in each managed care health plan option through a personalized provider directory for that beneficiary or applicant. This information shall be presented under the geographic area designations, by the name of the primary care provider and clinic and shall be updated based on information electronically provided monthly by the health care plans to the department, setting forth any changes in the health care plan's provider network. The geographic areas shall be based on the applicant's residence address, the minor applicant's school address, the applicant's work address, or any other factor deemed appropriate by the department, in consultation with health plan representatives, legislative staff, and consumer stakeholders. In addition, directories of the entire service area of the local initiative and commercial plan provider networks, including, but not limited to, the name, address, and telephone number of each primary care provider and hospital, shall be made available to beneficiaries or applicants who request them from the health care options contractor. Each personalized provider directory shall include information regarding the availability of a directory of the entire service area, provide telephone numbers for the beneficiary to request a directory of the entire service area, and include a postage-paid mail card to send for a directory of the entire service area. The personalized provider directory shall be implemented as a pilot project in Los Angeles County pursuant to this article, and in Sacramento County (Geographic Managed Care Model) pursuant to Article 2.91 (commencing with Section 14089). The content, form, and the geographic areas used in the personalized provider directories shall be determined by the department, in consultation with a workgroup to include health plan representatives, legislative staff, and consumer stakeholders, with an emphasis on the inclusion of stakeholders from Los Angeles and Sacramento Counties. The personalized provider directories may include a section for each health plan. Prior to implementation of the pilot project, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine the parameters, methodology, and evaluation process of the pilot project. The pilot project shall thereafter be in effect for a minimum of two vears.

Three months prior to the end of the first two years of the pilot project, the department shall promptly provide the fiscal and policy committees of the Legislature with an evaluation of the personalized provider directory pilot project and its impact on the Medi-Cal managed care program, including whether the pilot project resulted in a reduction of default assignments and a more informed choice process for beneficiaries, and its overall cost-benefit to the state. Following two years of operation as a pilot project in two counties and submission of the evaluation to the Legislature, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine whether to implement personalized provider directories as a permanent program statewide. This determination shall be based on the outcomes set forth in the evaluation provided to the Legislature. If necessary, the pilot project shall continue beyond the initial two-year period until this determination is made. This pilot project shall only be implemented to the extent that it is budget neutral to the department. (2) Each beneficiary or eligible applicant shall be informed that he or she may choose to continue an established patient-provider relationship in a managed care option, if his or her treating provider is a primary care provider or clinic contracting with any of the prepaid health plan options available and has available capacity and agrees to continue to treat that beneficiary or applicant. (3) Each beneficiary or eligible applicant shall be informed that if he or she fails to make a choice, he or she shall be assigned to, and enrolled in, a prepaid health plan. (c) No later than 30 days following the date a Medi-Cal or CalWORKs beneficiary or applicant is determined eligible for Medi-Cal, the beneficiary shall indicate his or her choice, in writing, from among the available prepaid health plans in the region and his or her choice of primary care provider or clinic contracting with the selected prepaid health plan. Notwithstanding the 30-day deadline set forth in this subdivision, if a beneficiary requests a directory for the entire service area within 30 days of receiving an enrollment form, the deadline for choosing a plan shall be extended an additional 30 days from the date of the request.

- (d) At the time the beneficiary or eligible applicant selects a prepaid health plan, the department shall, when applicable, encourage the beneficiary or eligible applicant to also indicate, in writing, his or her choice of primary care provider or clinic contracting with the selected prepaid health plan.
- (e) In areas specified by the director for expansion of the Medi-Cal managed care program under Section 14087.3, and where the department is contracting with a prepaid health plan that is contracting with, governed, owned or operated by a county board of supervisors, a county special commission or county health authority authorized by Sections 14018.7, 14087.31, 14087.35, 14087.36, 14087.38, and 14087.96, a Medi-Cal or CalWORKs beneficiary who does not make a choice of managed care plans, shall be assigned to and enrolled in an appropriate Medi-Cal prepaid health plan providing service within the area in which the beneficiary resides. (f) If a beneficiary or eligible applicant does not choose a primary care provider or clinic, or does not select any primary care provider who is available, the prepaid health plan that was selected by or assigned to the beneficiary shall ensure that the beneficiary selects a primary care provider or clinic within 30 days after enrollment or is assigned to a primary care provider within 40 days after enrollment.

#### Article 2.91

#### **SECTION 14089** of the Welfare and Institutions Code

#### 14089

- (a) The purpose of this article is to provide a comprehensive program of managed health care plan services to Medi-Cal recipients residing in clearly defined geographical areas. It is, further, the purpose of this article to create maximum accessibility to health care services by permitting Medi-Cal recipients the option of choosing from among two or more managed health care plans or fee-for-service managed case arrangements, including, but not limited to, health maintenance organizations, prepaid health plans, primary care case management plans. Independent practice associations, health insurance carriers, private foundations, and university medical centers systems, not-for-profit clinics, and other primary care providers, may be offered as choices to Medi-Cal recipients under this article if they are organized and operated as managed care plans, for the provision of preventive managed health care plan services.
- b) The negotiator may seek proposals and then shall contract based on relative costs, extent of coverage offered, quality of health services to be provided, financial stability of the health care plan or carrier, recipient access to services, cost-containment strategies, peer and community participation in quality control, emphasis on preventive and managed health care services and the ability of the health plan to meet all requirements for both of the following:
- (1) Certification, where legally required, by the Director of the Department of Managed Health Care and the Insurance Commissioner.
- (2) Compliance with all of the following:
  - (A) The health plan shall satisfy all applicable state and federal legal requirements for participation as a Medi-Cal managed care contractor.
  - (B) The health plan shall meet any standards established by the department for the implementation of this article.
  - (C) The health plan receives the approval of the department to participate in the pilot project under this article.
    - (c)(1)(A) The proposals shall be for the provision of preventive and managed health care services to specified eligible populations on a capitated, prepaid or postpayment basis.
      - (B) Enrollment in a Medi-Cal managed health care plan under this article shall be voluntary for beneficiaries eligible for the federal Supplemental Security Income for the Aged, Blind, and Disabled Program (Subchapter 16 (commencing with Section 1381) of Chapter 7 of Title 42 of the United States Code).
      - (2) The cost of each program established under this section shall not exceed the total amount which the department estimates it would pay for all services and requirements within the same geographic area under the fee-for-service Medi-Cal program.

- (d) The department shall enter into contracts pursuant to this article, and shall be bound by the rates, terms, and conditions negotiated by the negotiator.
- (e)(1) An eligible beneficiary shall be entitled to enroll in any health care plan contracted for pursuant to this article that is in effect for the geographic area in which he or she resides. The department shall make available to recipients information summarizing the benefits and limitations of each health care plan available pursuant to this section in the geographic area in which the recipient resides. A Medi-Cal or CalWORKs applicant or beneficiary shall be informed of the health care options available regarding methods of receiving Medi-Cal benefits. The county shall ensure that each beneficiary is informed of these options and informed that a health care options presentation is available.
  - (2) No later than 30 days following the date a Medi-Cal or CalWORKs recipient is informed of the health care options described in paragraph (1), the recipient shall indicate his or her choice in writing of one of the available health care plans and his or her choice of primary care provider or clinic contracting with the selected health care plan. Notwithstanding the 30-day deadline set forth in this paragraph, if a beneficiary requests a directory for the entire service area within 30 days of the date of receiving an enrollment form, the deadline for choosing a plan shall be extended an additional 30 days from the date of that request.
  - (3) The health care options information described in this subdivision shall include the following elements:
    - (A) Each beneficiary or eligible applicant shall be provided, at a minimum, with the name, address, telephone number, and specialty, if any, of each primary care provider, by specialty or clinic participating in each managed health care plan option through a personalized provider directory for that beneficiary or applicant. This information shall be presented under the geographic area designations by the name of the primary care provider and clinic, and shall be updated based on information electronically provided monthly by the health care plans to the department, setting forth any changes in the health care plan provider network. The geographic areas shall be based on the applicant's residence address, the minor applicant's school address, the applicant's work address, or any other factor deemed appropriate by the department, in consultation with health plan representatives, legislative staff, and consumer stakeholders. In addition, directories of the entire service area, including, but not limited to, the name, address, and telephone number of each primary care provider and hospital, of all Geographic Managed Care health plan provider networks shall be made available to beneficiaries or applicants who request them from the health care options contractor. Each personalized provider directory shall include information regarding the availability of a directory of the entire service area, provide telephone numbers for the beneficiary to request a directory of the entire service area, and include a postage-paid mail card to send for a directory of the entire service area.

The personalized provider directory shall be implemented as a pilot project in Sacramento County pursuant to this article, and in Los Angeles County (Two-Plan Model) pursuant to Article 2.7 (commencing with Section 14087.305). The content, form, and geographic areas used shall be determined by the department in consultation with a workgroup to include health plan representatives, legislative staff, and consumer stakeholders, with an emphasis on the inclusion of stakeholders from Los Angeles and Sacramento Counties. The personalized provider directories may include a section for each health plan. Prior to implementation of the pilot project, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine the parameters, methodology, and evaluation process of the pilot project. The pilot project shall thereafter be in effect for a minimum of two years. Three months prior to the end of the first two years of the pilot project, the department shall promptly provide the fiscal and policy committees of the Legislature with an evaluation of the personalized provider directory pilot project and its impact on the Medi-Cal managed care program, including whether the pilot project resulted in a reduction of default assignments and a more informed choice process for beneficiaries, and its overall costbenefit to the state. Following two years of operation as a pilot project in two counties and submission of the evaluation to the Legislature, the department, in consultation with consumer stakeholders, legislative staff, and health plans, shall determine whether to implement personalized provider directories as a permanent program statewide. This determination shall be based on the outcomes set forth in the evaluation provided to the Legislature. If necessary, the pilot project shall continue beyond the initial two-year period until this determination is made. This pilot project shall only be implemented to the extent that it is budget neutral to the department.

- (B) Each beneficiary or eligible applicant shall be informed that he or she may choose to continue an established patient-provider relationship in a managed care option, if his or her treating provider is a primary care provider or clinic contracting with any of the health plans available and has the available capacity and agrees to continue to treat that beneficiary or eligible applicant. (C) Each beneficiary or eligible applicant shall be informed that if he or she fails to make a choice, he or she shall be assigned to, and enrolled in, a health care plan.
- (4) At the time the beneficiary or eligible applicant selects a health care plan, the department shall, when applicable, encourage the beneficiary or eligible applicant to also indicate, in writing, his or her choice of primary care provider or clinic contracting with the selected health care plan.
- (5) Commencing with the implementation of a geographic managed care project in a designated county, a Medi-Cal or CalWORKs beneficiary who does not make a choice of health care plans in accordance with paragraph (2), shall be assigned to and enrolled in an appropriate health care plan providing service within the area in which the beneficiary resides.

- (6) If a beneficiary or eligible applicant does not choose a primary care provider or clinic, or does not select any primary care provider who is available, the health care plan selected by or assigned to the beneficiary shall ensure that the beneficiary selects a primary care provider or clinic within 30 days after enrollment or is assigned to a primary care provider within 40 days after enrollment.
- (7) Any Medi-Cal or CalWORKs beneficiary dissatisfied with the primary care provider or health care plan shall be allowed to select or be assigned to another primary care provider within the same health care plan. In addition, the beneficiary shall be allowed to select or be assigned to another health care plan contracted for pursuant to this article that is in effect for the geographic area in which he or she resides in accordance with Section 1903(m)(2)(F)(ii) of the Social Security Act.
- (8) The department or its contractor shall notify a health care plan when it has been selected by or assigned to a beneficiary. The health care plan that has been selected or assigned by a beneficiary shall notify the primary care provider that has been selected or assigned. The health care plan shall also notify the beneficiary of the health care plan and primary care provider selected or assigned.
- (9) This section shall be implemented in a manner consistent with any federal waiver that is required to be obtained by the department to implement this section.
- (f) A participating county may include within the plan or plans providing coverage pursuant to this section, employees of county government, and others who reside in the geographic area and whodepend upon county funds for all or part of their health care costs.
- (g) The negotiator and the department shall establish pilot projects to test the costeffectiveness of delivering benefits as defined in subdivisions (a) to (f), inclusive.
- (h) The California Medical Assistance Commission shall evaluate the costeffectiveness of these pilot projects after one year of implementation. Pursuant to this evaluation the commission may either terminate or retain the existing pilot projects.
- (i) Funds may be provided to prospective contractors to assist in the design, development, and installation of appropriate programs. The award of these funds shall be based on criteria established by the department.
- (j) In implementing this article, the department may enter into contracts for the provision of essential administrative and other services. Contracts entered into under this subdivision may be on a noncompetitive bid basis and shall be exempt from Chapter 2 (commencing with Section 10290) of Part 2 of Division 2 of the Public Contract Code.

# BACK COVER